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AUG 22 1955

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Management Study of Finance Division,
Office of the Comptroller

1. PROBLEM:

To examine the organizational structure, staffing pattern, functions and procedures of Finance Division and recommend changes for rendering better financial support to the Covert components of the Agency.

2. FACTS BEARING ON THE PROBLEM:

a. The present organizational structure and Table of Organization of Finance Division (See Tabs A to F) was approved in October 1953. Since that date there have been no major changes in the structure nor in the assigned functions.

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b. The present Table of Organization [REDACTED] provides for [REDACTED] positions and no military allocation.

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c. In addition to the above T/O, the Office of the Comptroller has an authorized Departmental Unvouchered Training Section T/O and ceiling of 15. This section was approved for the purpose of slotting finance personnel who are in training for overseas positions.

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d. The desire of Agency officials for better financial controls, more accurate accounting for expenditures and for quick follow-up on all delinquent advances of confidential funds has caused an increased work load in the Finance Division.

e. [REDACTED]

f. It has been necessary for Finance Division personnel to work approximately 2,000 hours per month overtime in order to perform the assigned tasks.

g. Personnel Management has been a major problem of the Division. Some of the contributing factors are:

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- (1) Much of the work of the lower grade positions is of the repetitive type and uninteresting.
- (2) The difference in grade structure between positions in Finance Division and those of similar degrees of difficulty and responsibility in the Area Division Budget and Fiscal Sections tend to accelerate the transfer of lower grade personnel to positions in the Area Divisions.
- (3) It has been necessary to continually train new personnel to replace those being assigned to overseas stations. A three months staffing study of the Operations and Liaison Branch revealed that [REDACTED] for various periods during the three months, or a turnover of 43%. The training of new people should begin to decrease within the next six months when overseas trained personnel begin to return to headquarters for reassignment. Overseas rotation, however, will continue to be a serious problem for the Division.
- (4) Some elements continually operate under pressure. Financial support to the Covert elements must sometimes be given in a matter of minutes.

h. Functional statements of some of the elements of Finance Division did not adequately describe their present responsibilities. These have been rewritten and are attached as Tab G.

3. DISCUSSION:

- a. The very nature of the intelligence business makes it difficult to render timely and adequate financial support to various covert activities and personnel whose connection with the U. S. Government cannot be disclosed, to obtain proper accountings for expenditures, and to exercise those financial administrative controls which are considered elementary in the operation of any other governmental agency or private enterprise. In recognition of this, confidential funds were established to cut thru the government red tape procedure for expending funds. Certain controls, however, must be exercised if waste, fraud and/or embezzlement of government monies are to be minimized. In the establishment of any controls, considerable thought should be given to the administrative cost of maintaining these controls and the net beneficial result.
- b. The rapid growth of the Agency and the desire for better financial controls have resulted in numerous new procedures being established. In many cases, these have been added upon existing procedures. In addition, it has been necessary for Finance Division to establish many

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inefficient procedures because of its inability to obtain the necessary timely financial information from field stations and headquarters components of the Agency which expend confidential funds. Some of the factors over which Finance Division has little or no control, which waste many man hours of productive time, and result in the preparation of numerous cable and dispatches, are:

- (1) The obtaining of proper payroll information on Staff Agents from the Area Divisions DD/P.
- (2) The obtaining of correct leave balances on personnel assigned to field stations.
- (3) Field Duty Status reports are not regularly received.
- (4) Many instances occur wherein an individual will be at headquarters on TDY and neither the field station nor a headquarters component will submit a Time and Attendance report.
- (5) Area Divisions fail to prepare Time and Attendance reports on all personnel [REDACTED] 25X1C4a
[REDACTED] 25X1C4a
- (6) [REDACTED] 25X1C4a
- (7) Personnel are sometimes transferred from unvouchered to vouchered funds for promotion purposes and subsequently transferred back to unvouchered.
- (8) There are instances in which two Time and Attendance reports are received on the same person, one stating that the individual departed headquarters for field at one date--the other giving a different date.
- (9) Although regulations may prescribe that certain financial forms be used, many field installations will submit reports on forms of their own design.
- (10) Insufficient documentation is submitted for the proper auditing of many station accountings and operational advances.
- (11) Many documents are received in which the wrong allotment number is assigned by the allottee.
- (12) Not all Staff employees and Staff Agents departing for overseas receive proper briefing on financial matters.

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- (13) Extension contracts are not always received on contract employees and contract agents.
 - (14) Contract cancellation actions on contract personnel are not always received.
 - (15) Many financial reports and dispatches are delayed in the Area Divisions and do not arrive promptly in Finance Division.
 - (16) There are numerous instances wherein financial documents enroute to Finance Division become separated in the Area Divisions.
- c. A Finance Division procedural committee meets regularly and is currently establishing new written procedures and revising others. The pressure of daily work, however, has not permitted a comprehensive review of all Division procedures but much progress has been made.
- d. The proposed organizational structure, shown in Tabs A to F, represents a recognition of the relative importance of the basic functions now being performed and constitutes a refinement rather than a radical change.
- e. The main features of the proposed structure are as follows:
- (1) The merger of Proprietary Accounts Branch with the Accounts Branch and the establishment of a Financial Recording Section, a Proprietary XXXXXXXXXX Accounting Section, and an Accounting Control Section.
 - (2) A reorganization of the Operations and Liaison Branch which will reduce the number of Sections from 6 to 5.
 - (3) Reorganization of Payroll and Travel Branch.
 - (a) A reorganization of the Payroll Section of the Payroll and Travel Branch, which will establish various payroll Units to handle certain designated areas, and an Audit Support Unit.
 - (b) A reorganization of the Travel Section of the Payroll and Travel Branch which will create a Domestic Audit Unit, a Foreign Audit Unit, and a Processing and Control Unit.
 - (c) This proposed organization, together with the procedural changes accomplished during the survey, will permit a T/O reduction of 4 positions in the Payroll and Travel Branch.

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- (4) Deletion of the Industrial Contract Audit Branch and [REDACTED] as components of Finance Division, and the establishment of an Industrial and Internal Audit Division, directly responsible to the Comptroller. The new Division will consist of an Office of the Chief; Review and Analysis Branch; Internal Audit and Control Branch; and an Industrial Audit Branch.

- f. Major functional and procedural changes were accomplished during the course of this Survey. These accomplishments were made possible by the cooperation of the Chief of Finance Division and his subordinates. Details of these changes are given in Tab H.
- g. This survey has approached the matter of staffing by the use of such factors as the average employment of an element over a three to six months period; backlog of work at the beginning of the period vs the backlog existing at the end; and the monthly average overtime hours worked in order to accomplish the assigned task. Consideration was also given to the quality of the work produced. Examination was made to determine whether or not the component was adequately performing its assigned functions.

4. CONCLUSIONS:

It is concluded that:

- a. The organizational pattern for the Finance Division should consist of the following operating elements:
- (1) Office of the Chief
 - (2) Accounts Branch
 - (3) Operations and Liaison Branch
 - (4) Monetary Branch
 - (5) Payroll and Travel Branch
- b. The Comptroller should perform more internal audits of allotment control records, financial accounts and procedures. This can most effectively be accomplished by the establishment of an Industrial and Internal Audit Division responsible directly to him (See Tab F).
- c. The increase of 8 positions in the total staffing pattern of Finance Division and the Industrial and Internal Audit Division is justified and in keeping with current work load requirements. (See Comparative Statement, Tab I).

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- d. When the administrative difficulties enumerated in Paragraph 3b of this report have been eliminated, thereby permitting the installation of improved procedures, the proposed T/O for Finance Division can be reduced.

5. **RECOMMENDATIONS:**

It is recommended that:

- a. The organizational pattern shown in Tabs A thru F inclusive be approved.
- b. The proposed distribution of [] positions shown in Tab I and the Tables of Organization for each proposed element (Tabs A thru F) be approved subject to classification action by the Director of Personnel.
- c. The present ceiling of the Office of the Comptroller not be changed until such time as the study of the overall organization and staffing of the Office has been completed. (This is the second report on the Office. The first was a T/O revision of the Machine Records Division.) Any recommendations for adjustments of the ceiling will be made in the final report. The present ceiling is [] and the on duty strength as of 1 August 1955 was []
- d. A concerted effort be made to eliminate those deficiencies enumerated in Paragraph 3b of this report. (It is believed that much can be accomplished by the periodical attendance of Finance Division Branch Chiefs at the weekly meetings of the DD/P Area Budget and Fiscal Officers now being held by the SSA (Comptroller).)
- e. More effort be made to minimize the personnel turnover in Finance Division.
- f. As, if and when, new procedures are developed and all security factors evaluated, consideration be given to a further refinement in the organization of Finance Division; the Payroll and Travel Branch to be divided into Payroll Branch and a Travel Branch, with Agents Services Section of the Operations and Liaison Branch becoming a Section of the newly established Payroll Branch.

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Chief, Management Staff

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ANNEXES:

TABS A thru I

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